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SIPDIS

SENSITIVE

NSC FOR CHRIS BARTON
ONDCP FOR BRAD HITTLE
INL FOR JOHNATHAN FARRAR

E.O. 12958: N/A

TAGS: SNAR EAID PGOV PREL PE

SUBJECT: FUTURE OF OUR CN PROGRAMS AND OBJECTIVES IN PERU

REF: A. LIMA 004 B. LIMA 353 C. LIMA 1288

¶11. (SBU) Summary: As reported reflets, our Mission counter-drug strategy in the short term will be focused on holding the line against expansion of coca and opium cultivation and drawing the noose around no-go coca source zones through eradication and alternative development. The advent in mid-2006 of a government with a fresh popular mandate will give us the opportunity to shift to the medium term strategy converting Peru into a marginal narcotics producer. That status might equate to as much as 15,000 hectares of coca and a few hundred hectares of opium poppy. In the long term, we should expect to maintain some level of assistance to the GOP so that it can prevent resurgent narcotics trafficking. If our efforts are successful, within 10 years we could achieve a stability point when illegal drug cultivation goes down and the income/institutional capacity of the government rises to the point that Peru can manage the problem on its own. End Summary.

CN OUTLOOK

¶12. (SBU) Embassy Lima's overarching counter-narcotics objective is to help Peru become a marginal producer of illegal coca and opiates. Over the next 16 months, under a weak Toledo Government, holding the line against increased cultivation/production of coca is the best we are likely to achieve. We can draw a noose around the traditional coca cultivation areas but see no prospect that the GOP will undertake serious eradication efforts there during a volatile electoral period. (Extensive information indicates that cocaleros in the core cultivation areas are prepared to resist eradication with armed force.) For now, we will focus on stamping out expansion. The government that emerges from the April/May 2006 national elections will have a fresh popular mandate and a longer-term focus; its incentives to confront cultivation in the lawless no-go zones will be far stronger. Our goal will be to work with that Administration to make Peru a marginal narcotics producer within its term. In the area of opium poppy, our short-term goals are more ambitious. There are no political obstacles to eradication when we find poppy. We will develop significantly improved human and technical intelligence on areas of cultivation in coming months that will guide more robust interdiction and eradication efforts.

¶13. (SBU) Marginal production of illegal coca might equate to as much as 15,000 hectares of total cultivation. The benchmark for supplying traditional use is around 9,000 hectares; the residue would still go to the drug trade. It would also entail a few hundred hectares of opium poppy (there are still no reliable estimates of how many hectares are currently under poppy cultivation in remote areas). Even after reaching this point we would need continuing though reduced levels of assistance to help the GOP maintain a permanent capability to contain the illegal drug industry and to stop it from springing back. Our operational goal is getting to the stability point, that is, when illegal drug cultivation goes down and the income/institutional capacity of the government rises so that Peru can manage the problem on its own.

¶14. (SBU) This stability point remains some way off. The current political and economic realities of Peru do not point to a dramatic change in government or private sector investment in the Andean highlands or rainforest, which could dissuade farmers from growing coca. There is weak public support for forced eradication; rather there is a tendency to view coca producers as poor farmers who are the least culpable in the drug-trafficking industry. This is reflected in politicians' attitudes that tend towards appeasement of coca growers. Improved prices are causing a surge in new coca cultivation and production. Historically, Lima-centric national governments have horribly neglected the hinterland. The GOP is pressed by population growth in cities growth that is the result of that neglect. Lack of central government presence in rural areas, (i.e., little or no provision of social or economic services and infrastructure, scant or weak law enforcement, and a judicial vacuum), is fostering a climate of lawlessness and impunity within and beyond the coca source zones. Newly decentralized regional governments lack authority, experience, resources and influence and are poorly equipped to deal with the problems of

narcotics trafficking.

15. (SBU) We can claim some areas of progress in strengthening government capabilities, such as new police resources coming on line east of the Andes that let us for the first time try sustained interdiction close to the source zone as a way of pushing down/disrupting leaf prices. We successfully helped shape legislation on control of precursor chemicals and are working on implementing regulations. We have made some inroads in disrupting drug production through logistical support for regular interdiction operations in the source zones. Recent multi-ton seizures of cocaine destined for shipment to the US offer proof that our focus on ports is paying off. Not surprisingly, narco-traffickers are adapting and using new tactics.

16. (SBU) The Alternative Development Program is an essential element of the Embassy's counter-narcotics efforts, contributing directly to the containment approach outlined in this cable. Voluntary eradication has accounted for more than 8,000 hectares of coca reduction over the last two years, improving the social and economic conditions in coca-growing communities. Of equal importance, it provides the GOP a useful tool in managing the internal politics of counter-narcotics. (The cocaleros fully understand this, which is why they try to intimidate AD workers and communities on the one hand while loudly asserting that alternative development doesn't work on the other.) In CY 2005, it is likely that it will not be feasible to pursue voluntary eradication in hard-core areas, such as the VRAE. However, opportunities exist to voluntarily eradicate up to 3,000 hectares in traditional coca-growing areas, which in close operational collaboration with forced eradication and interdiction will permit the consolidation of broader coca-free areas. These joint efforts will establish contiguous communities/jurisdictions in which sustainable licit economic development can be pursued, push out the coca-frontier, and further isolate hard-core coca-growing areas/populations. With more aggressive and sustained a GOP interdiction and forced eradication in the future (especially after the 2006 elections), we expect that voluntary eradication will be feasible in more hard-core areas, and alternative development resources will focus increasingly on ensuring the sustainability of coca reduction and licit economic development in expanding coca-free areas.

17. (SBU) In the medium term, the picture grows brighter. A Free Trade Agreement with the United States would bolster Peru's exports. A more prosperous economy and a stronger democratic government in Lima would be better equipped to shoulder the load of containing illegal coca and preventing an opium industry from taking off. But, we estimate that for at least the next 10 years, USG involvement in counter-narcotics will be critical. We will need to use our assistance to maintain policy influence in Peru, ensuring that improvements are sustained. We must above all avoid the proliferation of no-go zones void of state presence that could end up creating a narco state-within-a-state.

18. (SBU) Over the next 12 months, we will work hard to strengthen GOP counter-narcotics capabilities. These efforts will include the creation of document review groups and cargo container inspection teams at key seaports and Lima's international airport - major cocaine transshipment points. We will eradicate 8,000 hectares of managed coca focusing on new areas of expanded cultivation. We will establish a 120-member Eradication Security Group within DINANDRO to provide effective security to CORAH workers. Through our NAS-supported police academies, we will increase government law enforcement presence in coca-source zones by graduating 400 policemen, who will be assigned to anti-drug units for the next 3 years. Another 400 students will begin an 18-month course of study in 2005. We will enhance infrastructure to accommodate 200 police at key forward operating bases in the VRAE and Monzon valleys. These bases will permit sustained interdiction activities in areas where drug-trafficking and narco-terrorism activities have gone unchecked. We will establish a Mobile Road Interdiction Group, trained to detect contraband from precursor chemicals to drugs using gamma ray equipment in the drug source zones. We will augment media and public relations campaigns to educate Peruvian politicians, opinion leaders and the public on the link between drug cultivation, narco-trafficking, and a growing domestic drug consumption problem in Peru.

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